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# Time to rethink the safety net

The federal government should offer Victorians aid now, but a social insurance system is long-term protection for all.

Angela Jackson



People say a week is a long time in politics, but the week-long shutdown in Victoria is going to feel like an eternity for the hundreds of thousands of Victorians who will lose shifts and pay this week. Because unlike previous lockdowns, there is no JobKeeper support and no moratorium on rent evictions to stop them experiencing significant hardship from being unable to work due to the COVID-19 restrictions.

As a mother with two primary school-aged children back at home for remote learning, it is easy to forget that, with the ability to work from home, we are far from the most impacted by this latest lockdown. Many Victorians live precariously close to the line of being able to afford three full meals a day, keep their homes warm and put a roof over their head. One lost shift is felt acutely and a week without work will be a body blow from which many will not easily recover.

When Australia was plunged into the first lockdown over a year ago, the federal government rolled out an unprecedented level of support for households and businesses. The rate of JobSeeker for the unemployed was doubled and the JobKeeper scheme was introduced, heavily subsidising the wages of more than 3.5 million workers that would have otherwise suffered a large fall in income or unemployment. State governments also offered their own

stimulus support but their capacity to spend is well below that of the federal government, due to constitutional limits on revenue raising and spending.

In total, the federal government spent more than \$300 billion to stop the health crisis turning into a humanitarian and economic crisis. But when the tap was turned off to much of this support in March, Australians unable to work from home and without access to holiday leave or sick leave were left carrying the risk and cost of future lockdowns. Lockdowns, that with the snail-paced speed of vaccine rollout and quarantine arrangements that have never been fit for purpose, will continue to be inevitable.

The federal government's response last March was needed because Australia's social safety net is so weak. It was not capable, like many European systems that rely on social insurance, of simply kicking into gear when people suffer a drop in income due to lost hours of work. Even in non-pandemic times, this lack of an adequate safety net leaves millions of casual employees and independent contractors at risk of financial hardship due to the cancellation of shifts, illness or the need to care for a loved one.

Meanwhile the rest of us enjoy some of the most generous leave entitlements and security of employment in the world. We have created a dual system that is great for those of us inside the tent, but keeps those outside, even those of us effectively working full-time across multiple jobs, on the precipice of financial ruin.

This embedded level of financial insecurity is an economic issue for



the whole economy. Research tells us that it not only negatively affects individual decision-making and risk-taking, it also increases rates of poor mental health and impacts the long-term outcomes of children.

Before the pandemic almost

*A week without work will be a blow from which many will not easily recover.*

2.6 million employees had no paid leave entitlements. And another million were independent contractors, also without paid leave. These independent contractors are not just highly paid consultants or skilled tradies, they are increasingly engaged in low-paid gig economy work. A social insurance system

that covered all of us for the risk of getting sick, losing our job or having our hours of work cut without warning would ensure we all benefit from the same level of financial security. Businesses would benefit from not having to individually carry the risk of these entitlements – that for many small businesses can stop them hiring more staff.

Even those of us in secure work would be much freer to move jobs without risking losing sick leave or finding ourselves out of work during a probation period. The economy would gain from people moving jobs more often, with the lack of this movement often blamed for the fall in productivity and low wages growth observed over the past 10 years. The federal government would save money from not having to implement emergency policy on the run such as JobKeeper, that due to poor targeting ended up wasting billions on payments to businesses

that needed no assistance.

In the absence of a social insurance scheme, it is left to the federal government to once again provide emergency assistance. There is a role for state governments, with the Victorian government already providing \$250 million in emergency support to businesses but it does not have the level of support people and our economy require.

The strength of the Australian economic recovery has been underpinned by timely support limiting the impact on households and businesses. Let us hope the federal government moves to shorten this week for hundreds of thousands of Victorians by giving them the support they need.

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## No jab, no tax credits: hit them before it hurts

With each lockdown, it becomes ever clearer just how exposed we are. No quarantine system is perfect – none can guarantee the virus stays out. We've had a leak every two to three weeks. We've been lucky that most haven't led to a full-blown outbreak, but the jury is still out on this one. Victorians are suffering now – but any state could be next.

What makes this frustrating is that the world invented a silver bullet a full 15 months ago. Other countries waited, cautiously, until nine months later to start rolling vaccines out. We dragged our feet, for a further two months, by the time they'd already rolled out millions. That two-month delay achieved nothing. Having finally got going, we've underperformed even the slowpoke European Union. At this pace, we won't be done until the end of next year at the earliest.

This was a choice – one that must never be forgotten. But today, while the virus spreads throughout Victoria, our focus must be on how



Steven Hamilton and Richard Holden

to get out of this mess. Up until now, the government has blamed supply – even though you can only receive vaccines if you actually sign contracts for them. But if we take the government at its word that adequate supplies can't come until October, then a major reckoning lies four months hence. After which time failures can, definitively, no longer be blamed on supply.

Vaccinating five in six adults by the end of the year, as canvassed by NSW Premier Gladys Berejiklian, would require us to more than triple our current rate, and significantly exceed even the fastest speeds the US, Britain and EU have achieved. That would be a big lift. But this country is capable of incredible things when the situation demands.

And the early promise of mass vaccination hubs and imminent rollout to pharmacies sow seeds of optimism on the distribution front.

Where supplies are plentiful (the locally produced AstraZeneca vaccine destined for the arms of over 50s), the rollout remains slow for a lack of demand. Of grave concern is the possibility that all those tens of millions of doses due in the fourth quarter will be met with the same limp reception. The government cannot let that happen.

They certainly can't wait until October to act. The most obvious incentive is a clear border-reopening schedule. People need to know the border reopening is happening and soon – if we all get vaccinated. This means announcing a fixed end point for our international border closure, depending on the number of people vaccinated.

Given we have, uniquely in our history, a former marketing executive as Prime Minister, it is surprising just how lacklustre our vaccine marketing effort has been.

A new campaign due to start in July targeting under 40s needs to be a big improvement over the existing ads for the over 50s, which can most charitably be described as boring. How about a wall-to-wall campaign featuring Lara Worthington (nee Bingle) in front of a mass vaccination hub yelling: "So where the bloody hell are you?"

There are all sorts of incentives we should try. Ohio's vaccine lottery is a neat idea. Let's supercharge it. We could hold a \$1 million nightly draw – peanuts relative to the social benefit of broad vaccine coverage. How about a free Uber to every appointment? A vaccine passport – for within and between states, and internationally – is another powerful option. The ability to be exempt from lockdowns, border closures and mask mandates would be a potent incentive for many.

But we should use sticks as well as carrots. Indeed, the government already deems one particularly big stick appropriate for driving vaccine coverage. "No jab, no pay" withholds government benefits

from those who don't vaccinate their kids. If it works on kids for MMR, why not on adults for SARS-Cov-2? And let's not stop at government benefits. We should extend it all the way up the income and age distributions with a "No jab, no franking credits" policy. There are few bigger sticks for the target demographic.

Our vaccine rollout has gone about as badly as anyone could have imagined. That's in the past. All that remains is securing those tens of millions of doses before the end of the year, and cranking up the incentives so there are tens of millions of arms to jab them into. We must move with urgency – and creativity. If the vast majority of Australians aren't vaccinated by Christmas, the government won't have anyone to blame but itself.

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